UNITED NATIONS

General Assembly

FORTY-SEVENTH SESSION

Official Records

SECOND COMMITTEE
3rd meeting
held on
Monday, 5 October 1992
at 10 a.m.
New York

SUMMARY RECORD OF THE 3rd MEETING

Chairman: Mr. PIRIZ-BALLON (Uruguay)

CONTENTS

ORGANIZATION OF WORK

STATEMENT BY THE UNDER-SECRETARY-GENERAL FOR ECONOMIC AND SOCIAL DEVELOPMENT

GENERAL DEBATE

This record is subject to correction.
Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, Room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

92-56812 6008S (E)

Distr. GENERAL
A/C.2/47/SR.3
14 October 1992
ENGLISH
ORIGINAL: FRENCH

The meeting was called to order at 10.20 a.m.

ORGANIZATION OF WORK

1. The CHAIRMAN said that, after consultations with members of the Bureau, a division of responsibilities between the two Vice-Chairmen had been agreed upon regarding informal consultation on the draft proposals submitted under the various items of the agenda allocated to the Committee.

STATEMENT BY THE UNDER-SECRETARY-GENERAL FOR ECONOMIC AND SOCIAL DEVELOPMENT

2. Mr. JI Chaozhu (Under-Secretary-General for Economic and Social Development) said that the revitalization of the Organization in the area of peace-keeping and conflict resolution should also be extended, as stipulated in Article 55 of the Charter, to promoting higher standards of living, full employment and solutions of international economic and social problems. The simultaneous pursuit of both peace and development remained the task of the United Nations. In that regard, the Second Committee had a moral responsibility to confront more boldly the dire situation of the world economy; unless members fully grasped the fundamental dangers inherent in the economy and addressed the problem in depth, there could be an economic calamity of major proportions. The Organization could not do everything by itself, however, and only the recognition on the part of Member States of the seriousness of the problems confronting the world economy, and a political will to seek a collective basis for addressing them could produce positive results. The world economy was now more fully integrated than ever before, and it was not a zero sum game.

3. In 1992, world output had been growing at an annual rate of less than 1 per cent, and world output per capita was expected to decline for the second year in a row. There were no grounds for complacency. The international community seemed somehow to have lost touch with the seriousness of the problems of growing poverty throughout much of the world, mass starvation and famine, economic stagnation in the midst of growing population, growing protectionism, massive debt, a gradual erosion of the trading system encouraged by the impasse in the Uruguay Round, growing political instability in many countries, ethnic violence, rising tides of economic refugees, the continuing deterioration of the economies of the former Soviet Union despite the assistance measures taken, and dangerous distortions in the economies of a number of large industrial countries. To those problems must be added the absence of meaningful policy coordination, which was essential to any hope of reaching progress in addressing those issues.

4. Rates of growth were highly disparate. The stagnation was attributed to the recession or weak recovery in the industrial economies and to the unprecedented decline of the economies in transition, where output had dropped by some 30 per cent over the last two years. The difficulties of transition had proven far greater than thought earlier. In addition, the economies of the new entities that had once constituted Yugoslavia had virtually collapsed. Growth in the developing countries as a whole had been around

(Mr. Ji Chaozhu)

4.8 per cent in 1992, but that improvement was unevenly distributed, as it was mainly due to an acceleration of growth in China and recovery in West Asia from the shock of the Gulf War. South and East Asia had continued to grow vigorously, while Latin America and the Caribbean had shown some recovery in 1991 and 1992. On the other hand, conditions had deteriorated further in Africa, partly as a result of the severe drought that had affected a large part of the continent. The continuing robustness of a number of economies in South and East Asia was one bright spot. Those countries were increasing their imports and thus were, in a small but significant way, supporting growth in other countries. The modest recovery in Latin America was encouraging, but there was reason to fear that the improvement might prove to be transitory. With regard to the external debt, there had been some progress in reaching agreements to restructure the bank debt of several heavily indebted countries, in a manner that recognized the economic, social and political limits to their servicing capacity.

5. The agenda for urgent multilateral action could hardly be more crowded than it currently was. The need to solve ethnic and political strife that divided nations and constrained economic growth in certain countries, to end prolonged recession or stagnation in the industrial economies, to halt the decline of output and standard of living in the economies in transition, to alleviate the effects of drought and famine affecting millions throughout the world, to achieve sustained growth in Africa, and to finally solve the massive debt problem of the developing countries were among the major items on that agenda. Consequently, the Second Committee must give serious consideration to how it could organize itself to begin a high-level dialogue among all Member States with a view to addressing those fundamental issues. There was no universal political forum more suited to the task than the Second Committee.

6. Improvement in policy coordination among the major industrial countries was essential for the restoration of confidence. The difficulties experienced in the European monetary system in September 1992 showed the necessity for such coordination. It was clear, however, that successful policy coordination required an equitable sharing of the burden of adjustment. That was certainly the case in the area of exchange rates; similarly, countries with persistent trade surpluses should share the responsibility to adjust with countries which ran persistent trade deficits. The need for sharing of responsibilities was not limited to the industrial countries. It extended to the interrelationship between those countries and the developing countries. Many developing countries had undertaken major reforms in economic policy in recent years, often at great human cost, at least in the short term. However, commensurate action on the part of the industrial countries had been lacking. National policies had been inadequate to activate growth in those countries. Most of them had placed too heavy a burden on monetary policy to achieve growth. With a great deal of unutilized capacity in most countries and the pressing need for improvement in both physical infrastructure and human resources, a reorientation of fiscal policy towards demand stimulation and investment appeared essential for sustained improvement in growth. A credible medium-term programme of fiscal consolidation was still critical for the

(Mr. Ji Chaozhu)

restoration of confidence. A programme of increased investment, financed by a one-shot increase in fiscal deficit or reordering of expenditure, would generate income and savings and would not necessarily conflict with the objective of fiscal consolidation in the medium term.

7. The international atmosphere for investment and growth could be improved by the successful conclusion of the Uruguay Round of trade negotiations, which remained stalled on the question of agricultural subsidies. The negotiations were now almost two years behind schedule. The impasse had created uncertainties over the future of the multilateral trading system and had tended to discourage efficient patterns of investment and growth. The positions of the European Community and the United States could be reconciled only through interventions by political leadership at the highest levels.

8. On a slightly optimistic note, aggregate flows of resources to the developing countries had taken a turn for the better. However, they were still well below requirements, and much of the recent flow consisted of short-term private capital. Many countries were still in need of a substantial increase in official finance, especially on concessional terms. The economies in transition required an infusion of considerable external resources. It was therefore essential to give immediate effect to the ninth IMF quota increase, ensure an adequate tenth replenishment of the International Development Association and complete arrangements for a substantial capital increase of the Asian Development Bank. Bilateral concessional assistance still played a large part in the development of the poorer developing countries and needed to be enhanced to support their efforts to increase investments and diversify economies.

9. The end of the cold war had raised great hopes for a quick and substantial reduction of military expenditure. Some reduction in such expenditure had indeed taken place, and there was reason for guarded optimism about greater reduction. Yet economic slow-down had led some countries with major military establishments to protect jobs in defence industries. Conversion became a burden when growth was sluggish and jobs were scarce. The reinvigoration of economic growth was essential if the peace dividend was to be reaped.

10. Member States had an obligation to follow through with the agreements reached at the United Nations Conference on Environment and Development, and in particular to translate into concrete action the provisions of Agenda 21. In that regard significant additional resources were required to carry out environmentally-sound development programmes, particularly in the developing countries, in order to ensure that the momentum achieved at the Rio Conference was not rapidly lost. The decisions taken by Member States at the current session relating to the new Commission on Sustainable Development would critically affect the future work of the Organization in respect of environment and development. Looking to the future, it was clear that development must be economically, socially and environmentally viable and sustainable. No one aspect of development, however, could be treated in

(Mr. Ji Chaozhu)

isolation, and it should be borne in mind that no major progress in the environmental aspects of development could be achieved unless a solution was found to the fundamental issues of population growth, economic stagnation, poverty alleviation, employment, human resources development, and national capacity-building. That linkage was an important factor in the decisions Member States would be taking at the current session regarding the scope and functioning of the new Commission on Sustainable Development in the context of the revitalized Economic and Social Council.

11. In view of the seriousness of the world economic situation, it was essential that political leaders recognize the need to develop collective policies with agreed "rules of the game" for the world economy to expand in the interests of all States and all peoples through productive investment and increased trade. In that connection, the United Nations could play an important role by carrying out a collective and objective review of the world economy, by identifying and analysing the potential implications of policy options available to Member States and, through the appropriate machinery of the revitalized Economic and Social Council and the General Assembly, by reaching decisions on broad objectives and general guidelines for Member States, international financing and development funding organizations and regional organizations. Together with the Department of Economic and Social Development, the Bretton Woods institutions and GATT should participate in the deliberations of the Economic and Social Council and the Second Committee in order to facilitate decision-making. Such close cooperation with the Bretton Woods institutions would become increasingly important in the future. It was also essential to strengthen and harmonize the efforts of the entire United Nations system in order to assist the Governments of Member States in elaborating the frameworks for their economic policy.

12. It was also incumbent upon the Member States and the Secretariat of the United Nations to ensure that the Fourth United Nations Development Decade was translated into concrete and tangible economic and social advancement for all the developing countries. It was for that purpose that the Secretary-General had consolidated all the entities working in the economic and social sectors in New York within the Department of Economic and Social Development. The Department was fully implementing the mandate entrusted to it by Governments in all areas, including those relating to transnational corporations and their important role in direct private investment, technology transfer and trade, and in the application of science and technology to development. More generally, the Secretary-General had stressed the need for a closer link between economic and social development and peace-building and preventive diplomacy. With the frightening growth of crises emerging around the world, there was a need for a more systematic approach for early warning of economic and social crisis situations in order to assist the Secretary-General, the Economic and Social Council and the Security Council in taking the necessary decisions. The Department could make an important contribution, in cooperation with others, through the collection and analysis of data.

(Mr. Ji Chaozhu)

13. With regard to operational activities for development, it would be important for Member States to keep in mind the fundamental and objective role of the United Nations as a provider of grant technical assistance to developing countries in support of their national development programmes. One of the objectives of the Decade was to strengthen international development cooperation. In that regard, the importance of stable and predictable growth in flows of resources could not be overemphasized.

14. It was time for Member States to come face to face with the severe and devastating situation, both economic and social, in much of Africa. It should be asked why the international community seemed to have such difficulty in recognizing the larger implications of the horrible tragedy in that continent, which took the form of social disintegration, violence, the influx of refugees, famine and human suffering on an unprecedented scale. It was not enough merely to have a new programme of action for Africa. All Member States must commit themselves fully to helping the countries of the region in the short term, while laying the groundwork for longer-term growth. The Department was currently consulting with a number of Governments on a series of initiatives to mobilize the resources of the entire United Nations system and bilateral programmes to build a basis for urgent action; mention should also be made of various new initiatives being taken by the Bretton Woods institutions.

15. The role of the United Nations in world economic and political affairs had never been more crucial. The decisions that would be taken by the Committee and the General Assembly would determine the degree to which the Organization would be able to fulfil the role expected of it in a period of unprecedented transition, crises and hope. For its part, the Department stood ready to lend its full support to the Second Committee.

GENERAL DEBATE

16. Mr. ZAMAN (Pakistan), speaking on behalf of the Group of 77, said that the world economy had expanded significantly during the cold war, largely to the benefit of the developed countries. Furthermore, the current recession and the uncertain prospects for the growth of international trade were undermining the efforts to achieve stabilization and economic reform in the developing countries, which, due to the globalization of the economy, were increasingly affected by international economic instability. In confronting that situation, adjustment must become more universal. The stringent structural adjustment programmes accepted by the developing countries must be complemented by structural changes at the world level. If the efforts of the developing countries were not to fail, the industrialized countries must endeavour to eliminate structural rigidities, to reduce long-term interest rates through fiscal consolidation and to coordinate economic policies with a view to promoting international growth. The recent crisis in the financial and currency markets in Europe showed the crucial importance of global policy

(Mr. Zaman, Pakistan)

coordination. The tightening of fiscal policy in some countries must be counterbalanced by a policy of expansion on the part of surplus countries, and any coordinated programme of recovery must include an increased inflow of resources to the developing countries. Accordingly, the Group of 77 was suggesting that, as part of its work, the Committee should organize a meeting of representatives of the international financial institutions, OECD and the seven major industrialized countries (the Group of Seven) to assess the recent financial crisis and the steps being taken to arrest its adverse consequences for the world economy. The Committee could thus act as a forum for a discussion on current issues.

17. The developed countries must demonstrate the political will to ensure that the Uruguay Round negotiations reached an early and balanced conclusion. The developing countries were constantly being urged to comply with the rules of the market economy, but their exports were obstructed by the tariff and trade barriers created by the same countries that were urging market economies upon them. Thus, the developing countries were insisting that the principles of the market economy should also be respected in international trade. Access to the markets of the developed countries was indispensable for an expansion in world trade, which was the most important vehicle for growth and development. Urgent measures needed to be taken in conformity with the Integrated Programme for Commodities, taking into account the general decline in commodity prices in 1991, and the developing countries which were dependent on those commodities must be assisted in diversifying their economies.

18. Despite the recent fiscal crisis, the Trade and Development Board maintained that there was no shortage of savings. The developing countries therefore hoped for an international agreement to enhance financial flows for development. An international campaign, such as the one undertaken for assistance to the former Soviet Union, was required. The ODA target of 0.7 per cent must be achieved, and grant assistance especially for social programmes must be expanded; the debt burden must be alleviated, particularly for countries that had serviced their debts scrupulously at considerable cost to their population, and measures must be taken to encourage greater global investment in the developing countries.

19. With regard to the reform of the Economic and Social Council, the Group of 77 held that international development cooperation must be treated as a whole at the macroeconomic level, rather than be the subject of fragmented reviews.

20. On the question of follow-up to the Rio Conference, it was essential for the developed countries to respect the financial commitments they had made by indicating, when post-conference mechanisms were considered, the time-frame in which resources for the implementation of Agenda 21 would be made available. It was important to note in that connection that the concept of sustainable development was based on the principle of equity, not only between generations, but also among nations.

(Mr. Zaman, Pakistan)

21. With regard to the triennial policy review of operational activities for development, the United Nations had a unique role to play in mobilizing technical expertise to help developing countries that sought assistance in managing their development. It was important that the United Nations should immediately implement the structural changes specified by the General Assembly in resolution 44/211 as part of an integrated package especially in the context of the ongoing reorganization of the economic and social sectors. The developing countries hoped that an exhaustive debate on operational activities would take place with a view to ensuring the most cost-effective and efficient use of resources and the coordinated implementation of programmes that accorded with their own priorities.

22. Sir David HANNAY (United Kingdom), speaking on behalf of the European Community and its member States, said it was gratifying that confrontation was being replaced by cooperation at the international level, as demonstrated by the successful outcome of the United Nations Conference on Environment and Development and the eighth session of the United Nations Conference on Trade and Development (UNCTAD).

23. There had been some signs of revival in the economies of developing countries in the first half of 1992 and, according to forecasts by the International Monetary Fund, that trend should continue in 1993. Those positive results were due in part to structural reforms and prudent macroeconomic policies. In the industrial countries, however, the outlook was still uncertain, and the recent turbulence in currency markets, which underlined the need for strengthened cooperation in order to achieve non-inflationary sustainable growth, was a particular source of concern.

24. A global consensus was evolving on the need to establish democratic, pluralistic societies which respected human rights and supported private enterprise. Human development and poverty alleviation were vital components of that process. They could be achieved only through good governance, which would help to ensure that developed countries maintained support for the necessary international development cooperation, including adequate aid flows. However, a supportive economic environment at both the national and international levels was also needed, with a free and open multilateral trading system accompanied by appropriate debt relief measures.

25. In spite of some encouraging developments, many problems remained - poverty, AIDS, unsustainable population growth, inadequate basic education and health care, environmental degradation, civil strife and natural disasters - which posed major challenges to the United Nations. As the Secretary-General had noted in his excellent report on the work of the Organization, United Nations structures had to be adapted to meet the new challenges.

26. Among the items on the Committee's agenda were three to which the European Community and its member States attached particular importance: the follow-up to the Rio Conference, the relationship between the Economic and Social Council and the General Assembly, and the reform of the United Nations development system.

(Sir David Hannay, United Kingdom)

27. In the area of environment and development, the modalities of the Commission on Sustainable Development must be determined as soon as possible. In order to be truly effective, the Commission needed a highly qualified and competent support structure within the Secretariat that would act as a focal point for inter-agency coordination. It also needed to find innovative approaches which would ensure the full participation of non-governmental and intergovernmental organizations, such as the European Community. It should not waste time on sterile and repetitive debates such as had taken place in subsidiary bodies of the Economic and Social Council. In that respect, it would be useful for the Commission to adopt the Council's segment-based approach.

28. The European Community and its member States welcomed the adoption of the forest principles at the Earth Summit and were already preparing plans for their implementation. They considered that it was particularly important to conclude work on a convention to combat desertification by June 1994 and believed that negotations should be based on the programme areas set out in Agenda 21 and the work done in the United Nations system since the United Nations Conference on Desertification in 1977. It was for the General Assembly to establish a framework for the negotations, which should be conducted along lines similar to the negotiations for the Convention on Climate Change.

29. The decisions and principles adopted at the Rio Conference could not be put into effect unless countries honoured the financial commitments they had made. The European Community had already allocated 3 billion ECUs for the funding of specific projects and programmes in key sectors of Agenda 21, giving priority to poverty reduction, technology transfers and institutional capacity-building. To implement those activities it would d aw on the expertise and experience of non-governmental organizations.

30. The European Community had also undertaken to contribute to the Global Environment Facility which, once restructured, should become the permanent financial mechanism for all activities pertaining to existing and future global environmental conventions. It recognized the need to provide adequate financial resources to the International Development Association (IDA) and would continue to give consideration to an increment for environmental purposes.

31. Recent changes in the world political situation had created an opportunity for the United Nations to play its full role under the Charter. The Organization's effectiveness in the economic and social fields must therefore be improved. That could be achieved by a careful review of the specific characteristics of the General Assembly and the Economic and Social Council and continuing with the reforms begun under General Assembly resolution 45/264. The Council's agenda must also be given a fresh look, as it was not addressed in that resolution. It was essential to avoid duplication of work and ensure that the Council's attention was focused on coordination and the provision of policy guidance on development issues. The

(Sir David Hannay, United Kingdom)

Council must continue to perform certain statutory functions under the Charter, but those need not of themselves generate lengthy debate.

32. A new look should also be taken at operational activities for development, which had evolved in a fragmented way over the years and thus did not always respond to the needs of developing countries, particularly the least developed. The individual bodies of the system should therefore act more efficiently and Member States should pay greater attention to their operation. The States members of the European Community believed that a package of reforms was required so that, having demonstrated its efficiency, the system could receive the resources it needed for development activities. Essentially, such reforms should improve programme execution with a view to promoting human development and poverty alleviation. On the latter point, the Community could only welcome the growing convergence between the United Nations development system and the Bretton Woods institutions. At the headquarters level, agreement should be reached on a common set of priorities for the system as a whole; at the field level, a common strategy should be established for each country, based on capacity-building that would promote national execution of projects and programmes.

33. In the years to come, the Organization would face numerous challenges. The institutional reforms undertaken as well as future reforms would improve its capacity to respond to those challenges, but only if practical steps were taken to fight poverty and environmental deterioration.

34. Mr. LAOURI (Algeria) said that the major changes which had occurred in international political relations in recent years had failed to produce comparable policy changes in the area of economic and social development, as had been hoped. While the developed countries continued to experience consistently high economic growth rates, the developing countries were currently experiencing the longest period of economic recession - if not regression - they had known since acquiring political independence. As a result, the old East-West contradictions were likely to be replaced by a new type of confrontation between North and South, which would pose a serious threat to peace. The crushing external debt burden, difficulties of access to developed country markets, rising interest rates, worsening terms of trade and reduced capital and investment flows continued to undermine all development efforts. There was also a real risk that the international community would lose interest in the countries of the South and turn its attention instead to Central and Eastern Europe, despite the assurances given in that regard at the high-level session of the Economic and Social Council in July 1991. In that unfavourable context, the introduction by various developing countries of bold economic reforms and the implementation, often at a very high social cost which threatened internal stability, of rigorous structural adjustment programmes had little real chance of success without a rapid improvement in the international economic environment or a revival of international cooperation. That was particularly true of Africa, where, despite the efforts being made, the situation was extremely disturbing. Efforts to boost economic growth in Africa had yielded no significant results, largely because of the

(Mr. Laouri, Algeria)

failure of the international community to honour commitments it had in fact freely undertaken.

35. The following actions thus seemed to be imperative: the necessary steps must be taken to bring a swift end to the prolonged recession in the industrialized world; the establishment of an open, transparent, regulated and non-discriminatory international trading system must be promoted through the conclusion of the Uruguay negotiations; specific arrangements for re-evaluating commodity prices must be devised; and durable solutions to the external debt problem must be identified. Yet any international development effort or strategy would be ineffective and illusory if it did not rest on a firm financial base commensurate with the goals to be attained. In that context, his delegation supported an international conference on the financing of development.

36. The Rio Conference had amply demonstrated that environmental protection and preservation depended above all on the promotion of sustained development and growth. The developed countries should therefore honour their commitments and discharge their historical responsibilities by mobilizing considerable additional resources and facilitating the transfer of environmentally sound technologies on preferential and non-commercial terms. The Commission on Sustainable Development should be promptly established in order to implement the Rio Declaration and Agenda 21. Moreover, the measures and legal instruments adopted at Rio would be incomplete if a convention on desertification, particularly in Africa, was not drawn up soon.

37. The ongoing restructuring of the economic and social sectors was particularly important. General Assembly resolution 45/264 set out the principles and guidelines that should govern that restructuring, an effort which all States should support. The United Nations must be made more efficient, more democratic and, finally, more capable of effectively assuming its role of promoting equitable economic and social development. The restructuring of the Secretariat and the economic and social sectors of the Organization, the revitalization of the Economic and Social Council and the revival of operational activities for development could enhance the credibility and effectiveness of multilateral action and facilitate the development of a collective will.

38. Those efforts should not mask the need to expand cooperation between the countries of the South. Those countries should benefit from their complementary natures, mobilize their potential and forge ties based on mutual benefit and solidarity, for example, in the area of regional and subregional economic integration agreements. In that spirit, Algeria warmly welcomed the establishment of a North African group that would be able to put its size, homogeneity and resources to its advantage in overcoming the multiple challenges facing individual countries, particularly the challenge of development. His country sought to facilitate the development and promotion of African cooperation within the framework of the treaty on the African Economic Community signed at Abuja in June 1991. However, such regional and

(Mr. Laouri, Algeria)

subregional integration efforts could only complement international economic relations and should be vigorously supported by the entire international community.

39. Algeria had undertaken a programme of wide-ranging economic reforms, which was difficult but necessary, and which went far beyond mere adjustment in response to a crisis. Several innovative legal instruments had already been adopted which held promise for the promotion of exports, competitiveness, private investment and price and trade liberalization. Despite an unfavourable economic climate, Algeria sought to broaden and improve on that experience and it counted on the cooperation of its partners in that effort.

40. Mr. SERSALE di CERISANO (Argentina), speaking on behalf of the Rio Group, said that the globalization of markets and the resulting intense competition reaffirmed the concept of interdependence. International cooperation had become indispensable to economic growth, development and the elimination of external factors which undermined growth in general and that of the developing countries in particular. The new perception of that phenomenon had resulted in the adoption of a series of documents, including the Declaration on International Economic Cooperation, adopted at the eighteenth special session of the General Assembly, the Cartagena Commitment, concluded at the eighth session of UNCTAD, and the agreements concluded in the context of the United Nations Conference on Environment and Development.

41. Development issues could be approached only by undertaking a global structural analysis. The Rio Group was convinced that the United Nations and, a fortiori, the Second Committee constituted the ideal forum in which to debate those questions. In carrying out its reponsibilities in the peace-keeping field, the Organization must not overlook the problems relating to poverty alleviation, economic growth and the strengthening of international multilateral cooperation. Economic and social development must be the major concern of genuine preventive diplomacy. Accordingly, development issues should be viewed with the same sense of urgency as questions relating to international security. In addition, full advantage should be taken of the Organization's coordinating and intersectoral capabilities. There was a need for a coherent policy through which the Economic and Social Council could play the central role envisaged for it in the Charter. Lastly, policy objectives should be supported by the operational activities of the United Nations system.

42. The Rio Group attached central importance to the coordination of macroeconomic policies and the recovery of economic growth. While the developing countries had liberalized and restructured their economies at a considerable cost in terms of human suffering, the industrialized countries had continued to post high fiscal deficits, to subsidize their inefficient sectors and to maintain tariff and non-tariff barriers which curtailed the flow of exports from the developing countries. Such imbalances endangered the viability of the efforts made by those countries and threatened their political, economic and social stability. The recovery of economic growth and

(Mr. Sersale di Cerisano, Argentina)

development required both the adoption of appropriate national policies and a suitable international economic environment which, despite the optimism of some, did not currently exist.

43. With regard to international trade, while the countries of the Rio Group were facilitating access to their markets and promoting a liberalized trading system, the developed countries seemed to be able to agree only on statements of intentions. More than ever before, however, concrete actions were essential. In view of the negative impact of protectionism, the Rio Group appealed to the industrialized countries to demonstrate the political will required for the completion of the Uruguay Round of multilateral trade negotiations. The conclusion of the Uruguay Round would create new opportunities for world trade and would allow all countries to reallocate their resources, thus reactivating the world economy.

44. The United Nations Conference on Environment and Development (the Earth Summit) had reflected the understanding that the protection of the environment and the preservation of natural resources were not incompatible with economic development but were, on the contrary, complementary to it. It would, however, be necessary to reconsider the approach taken to international cooperation in order to ensure that respect for the global environment did not adversely affect economic and social justice. As a follow-up to the commitments entered into at the Rio Conference, the Commission on Sustainable Development should be established as soon as possible, so that it could monitor the implementation of the programmes and activities envisaged as part of Agenda 21.

45. The Group of 77 had initiated the current restructuring of the United Nations in the economic and social fields, a process which must be deepened at the current session through the definition of the respective spheres of competence of the General Assembly and the Economic and Social Council. The streamlining of the Council's agenda was provided for in General Assembly resolution 45/264 and the Group of 77 would make further proposals in that regard. The process should be guided by the Assembly resolutions already adopted and by the concern with streamlining the functioning of the Council so as to enable it to discharge the responsibilities entrusted to it by the Charter.

46. Likewise, the triennial review of operational activities for development, pursuant to General Assembly resolution 44/211, should be carried out in a coherent manner and should be integrated with the process of restructuring of the economic and social fields. The negotiations in both areas must be carefully coordinated.

47. Mr. McKINNON (New Zealand) said that the economic and social prospects of all States Members of the United Nations were linked to the outcome of the Uruguay Round. A solution depended fundamentally on the ability of the two major economic Powers, namely, the United States of America and the European Community, to reach an agreement. The choice was clear: either to maintain the system of international trade rules painstakingly developed over the past

(Mr. McKinnon, New Zealand)

50 years, and to eliminate gradually restrictive practices and export subsidies, or to do nothing and to face an escalation of disputes that would undermine the very foundations of the system, sowing the seeds of distrust and leading to the renewed polarization of world politics.

48. The United Nations Conference on Environment and Development had reflected the recognition that the problems of environment and development could be addressed only on a global basis. Agenda 21 covered virtually every aspect of the work of the United Nations in the economic and social fields. The institutional chapters of Agenda 21 outlined a framework for reorienting the activities of international institutions and thereby promoting the achievement of sustainable development objectives.

49. With regard to institutional arrangements, the General Assembly must, at the current session, decide on the structure and functioning of the Commission on Sustainable Development; that body must be a dynamic institution which would enable Governments working through the United Nations system to adopt an integrated approach to development and environment activities. The Commission would have a key role to play in advancing the process begun at the Rio Conference and must be broadly representative in order to fulfil its mandate properly.

50. Chapter 38 of Agenda 21 provided the overall basis for action. It delineated the respective responsibilities of the organizations of the United Nations system and described the reforms to be undertaken.

51. With regard to sectoral issues, the Assembly must establish a framework for the drafting of a convention to combat desertification. While the plague of desertification did not affect all countries directly, it must be eliminated if global sustainable development was to be achieved. In the Pacific region, the related issue of freshwater was a key concern in that overall context.

52. Since 1989, substantial progress had been made in eliminating the destructive practice of large-scale pelagic driftnet fishing. The General Assembly resolutions on that subject must be fully implemented. Moreover, the over-exploitation of resources on the high seas could have a devastating impact on resources within exclusive economic zones, which were of crucial importance to the economic development of coastal and island States. Accordingly, New Zealand welcomed the decision taken at the Earth Summit to convene a conference to deal with such problems.

53. New Zealand welcomed the recognition in Agenda 21 of the special problems faced by developing island States. The first global conference on the sustainable development of such countries would identify the strategies which could enable them to develop on a sustainable basis.

54. The two major outcomes of the Rio Conference were the Framework Convention on Climate Change and the Convention on Biological Diversity, both

(Mr. McKinnon, New Zealand)

of which New Zealand had signed at Rio. Both agreements offered a good basis for moving forward, and the General Assembly would at its current session identify areas where further work was needed. New Zealand would continue to play an active role in negotiations to strengthen international measures against ozone depletion.

55. The Conference had placed environment and development at the forefront of the international agenda. Steps must now be taken to help meet the developmental and environmental needs of present and future generations.

56. The Second Committee was also charged with the task of looking at the issue of reform of the economic and social machinery of the United Nations, which was essential to the achievement of Agenda 21 objectives. Its task, broadly expressed, was to ensure an appropriate allocation of responsibilities across the United Nations system and to enhance the Organization's effectiveness in the field of economic and social development. In that context, there was a need to set clear goals and to examine practically how they would best be attained.

57. With respect to operational activities, all countries were confronting more and more demands on their resources, to address, for instance, environmental, economic and development issues. They continually needed to finance new activities with more and more limited resources. The United Nations system must help them to confront those demands and must continue, at the operational level, its activities on behalf of developing countries especially. The United Nations must show that it could provide targeted assistance at reasonable cost and, more generally, that it supported the political and development goals of all its members. Its development-related operational activities were measuring up well, although new challenges would continue to test its collective resolve. In recent months, for example, there had been lively debate on the question of conditionality of aid; that was an area where New Zealand believed that a flexible and cooperative approach was required. The goal was the translation into reality of the idea of equitable and sustainable development. It was important to remember that the basic strengths of the United Nations in the economic and social field lay in its neutrality, impartiality and cultural sensitivity.

58. The current year's triennial review was an opportunity to assess whether the policies and strategies put in place three years before remained valid and whether they were delivering benefits to the poor in developing countries. It also provided the means to integrate UNCED recommendations into the operational activities of the United Nations.

59. The previous triennial study had provided a solid framework on which to build further reform efforts. General Assembly resolution 44/211 had stood the test of time and remained valid. However, the current year's review must identify further measures to improve the effectiveness and efficiency of the operational system.

(Mr. McKinnon, New Zealand)

60. The review process should concentrate on programming, utilization of national capacities, decentralization and the strengthening of the resident coordinator system. Specifically, the United Nations should adopt at the operational field level rigorous and soundly based management methods offering greater transparency and accountability. The governance of operational activities could be greatly enhanced if the Economic and Social Council were to assume the functions of an international development council. However, New Zealand did have genuine reservations as to whether smaller executive bodies could achieve the objective of enhanced managerial effectiveness. An increasing diversity of interests must be represented on governing bodies if they were to achieve their objectives.

61. The Second Committee must adopt a coordinated, system-wide approach to issues of environment and development at the international and national levels. The implementation of Agenda 21 would require perseverance, cooperation and vision.

62. Mr. PIBULSSONGRAM (Thailand) said that the realities of economics and development demanded a new vision for global cooperation, an outward-looking one based on a genuine commitment to global partnership. Economic policies that served only short-term interests must be rejected as they could not produce sustainable growth for future generations or contribute to peace, security and prosperity. Accordingly, nations must revise their development concepts and refashion their national policies to attain the goals of sustainable global development, a fair and free global trading system, enhanced regional cooperation and a strengthened United Nations.

63. That new vision of global cooperation required also that the four forms of indivisibility be taken into account: between peace and prosperity, political and economic security, democracy and development, and environmental protection and sustainable development. The consensus achieved by participants at the eighth session of UNCTAD in Cartagena and the Rio Conference was encouraging.

64. Thailand, demonstrating its commitment to Agenda 21, had already taken concrete action, notably in the legal and administrative fields, to implement the principles on forestry, the Rio Declaration, and the Convention on Biological Diversity. At the international level, there was a need to enhance multilateral cooperation to achieve sustainable development, where the role of the United Nations was crucial and indispensable. The implementation of Agenda 21 must span the work programmes of the various United Nations agencies in the development field. The past sectoral approach to development must come to an end, and United Nations development activities must proceed in a comprehensive multidisciplinary manner.

65. To strengthen the United Nations institutional arrangement in that regard, his delegation supported the establishment of the Commission on Sustainable Development as the coordinating and monitoring organ for the implementation of Agenda 21. Sustainable development would only become

(Mr. Pibulssongram, Thailand)

reality if the international economic environment was favourable. It was imperative, therefore, for all nations to establish comprehensive, clear and effective rules of international trade. In that context the completion of the Uruguay Round would lay a solid foundation for healthy, balanced and constructive international trading relations. Thailand attached great importance to the success of those negotiations and strongly urged the parties to intensify their efforts to reach an agreement rapidly. The success of the Round would greatly assist developing countries' ongoing efforts to liberalize their economies; it was to be hoped that, in that connection, rules and principles would be established for fairer multilateral trading relations so that the tendency to employ unilateral protectionist measures in addressing trade disputes could be averted.

66. The principle of trade liberalization should also be the foundation of all regional cooperation policies. Such cooperation was a lengthy process in which Thailand had been actively involved in South-East Asia and the Asia-Pacific region. In Indo-China, strengthening economic and technical links had assumed top priority in Thailand's efforts to forge an equal partnership with Laos, Viet Nam and Cambodia. Thailand also stood ready to cooperate with efforts to restore peace and prosperity to Indo-China. Within ASEAN, Thailand and its partners had taken the initiative of creating a free-trade area that should lead to a greater influx of trade and investment into the entire region. Moreover, Thailand was attempting to strengthen cooperation among countries of the Asia-Pacific region.

67. Global cooperation could be better served through regional partnership. Interregional cooperation should therefore be promoted as the next step towards greater international cooperation, helping to prevent the emergence of exclusionary regional economic and trading blocs. It was hoped that other regional groupings would develop similar outward-looking approaches. In that regard, the Government of Thailand urged that possible association between the ASEAN Free Trade Area and the North American Free Trade Area (NAFTA) within the framework of Asia-Pacific economic cooperation should be explored.

68. At the multilateral level, the United Nations should take the leadership role in the promotion of international economic and development cooperation. The indivisibility of political and economic security was self-evident. Therefore, the United Nations should carry out its activities in the development field with the same sense of mission, dedication and urgency as it did in the political and security fields. His delegation supported General Assembly resolutions 45/264 and 46/235 on the restructuring and revitalization of the United Nations in the economic, social and related fields, as well as recent initiatives on that matter which had been put forth by the Group of 77 and ASEAN.

69. It was imperative that the restructuring should contribute to the fulfilment of the noble goals enshrined in the Charter, namely "to promote social progress and better standards of life in larger freedom".

70. Mr. NEBIE (Burkina Faso) noted that the evolution of international relations had accelerated and stressed that the priority formerly given to the balance of terror and to ideological struggles was no longer justifiable and that a new priority imposed itself for all countries - namely, the search for balanced development, both nationally and internationally, based on new solidarity and a new spirit of cooperation - and particularly on the political commitment so vitally needed to face the challenges of the twenty-first century.

71. While the results of the eighth session of the United Nations Conference on Trade and Development (UNCTAD) had not been entirely satisfactory to the developing nations, it was hoped that in the future, the spirit which had inspired the Cartagena Commitment would enable UNCTAD to better fulfil its mission. He hoped that the newly formed standing committees and working groups would rapidly take steps to promote North-South trade on an equitable basis so that the developing nations could obtain the currency they so needed to give new impetus to their economies and to combat poverty. Burkina Faso attached particular importance to the Programme of Action for the Least Developed Countries for the 1990s, and made an appeal that the promises made in Cartagena should be followed up by actions.

72. The United Nations Conference on Environment and Development had increased awareness of the need to protect the planet and to include environmental considerations in all development projects. In spite of disagreements regarding priorities and means, the texts adopted at the Rio Conference were encouraging. Burkina Faso hoped that the Commission on Sustainable Development would begin work immediately and have the support and means to implement fully and effectively the decisions made in Rio. He also welcomed the spirit of solidarity with which the international community had accepted the idea of drafting an international convention to combat desertification, particularly in Africa. That instrument should establish clear and precise technical and financial commitments.

73. The year 1992 had been marked by a third event, namely the consensus reached by the Economic and Social Council at its substantive session on the urgent need to revitalize the world economy, on the link between sustainable development and the eradication of poverty and on the shortage of development assistance. The session had also addressed the important question of restructuring the Council. However, the high-level debate had not given rise to any concrete proposals. Burkina Faso hoped that, in the future, discussions would lead to commitments between the North and the South. Furthermore, he hoped to see better coordination of development activities through a strengthening of ties between international financial institutions and United Nations bodies.

74. Turning to the New Agenda for the Development of Africa in the 1990s adopted by the General Assembly as its forty-sixth session, he said that Burkina Faso, having noted the failure of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, hoped that the one year spent on informing the international community would rapidly be followed by concrete actions.

(Mr. Nebie, Burkina Faso)

75. Similarly, the problems of debt, population and energy required concrete proposals from the Committee. In those areas as in others, political commitment was essential, since experience had shown that when there was a will to do so, United Nations resolutions could be fully implemented.

76. Mr. LOEIS (Indonesia) stressed the primacy of economics in the post-cold-war era, noting that development and the eradication of poverty had become pressing issues which should be placed at the top of the global agenda.

77. Despite the new-found emphasis on growth in the developing countries, Indonesia remained gravely concerned that the sluggish world economy was in the midst of its deepest recession since the Second World War, with serious consequences for those countries. In 1991, world output had declined for the first time in over four decades. In general, the developing countries had sustained sharp reversals and with few exceptions continued to stagnate. Africa had been hardest hit, while the economies in transition were also continuing to falter. Disparities and uncertainties continued unabated and the gap between rich and poor countries was further widening, while the political and social fabric of many developing countries was undergoing acute strain. There was an overall deterioration in international economic relations. The stalled Uruguay Round could result in a surge of protectionism and managed trade. The contraction in financial flows for development had not relented and the debt burden afflicting many developing countries had not been adequately redressed. Rather, funds continued to be transferred from the developing to the developed countries and to international financial institutions, while official development assistance was increasingly accompanied by conditionality.

78. In the face of those constraints, the already formidable task of development had become increasingly difficult. It was recognized that development and the eradication of poverty were mainly the responsibilities of individual sovereign States. The majority of developing countries were now orienting their policies towards people-centered strategies and were placing greater emphasis on the development of human resources with the ultimate objective of improving the human condition. While in an era of growing interdependence national autonomy was central to sustainable development, it was essential that the adjustment efforts made by the developing countries should be matched by support from outside; moreover, if the industrialized North was to sustain its current level of prosperity, it must contribute to the development and stability of the countries of the South. The establishment of such a global partnership for development required a detailed re-examination of the foundations of global socio-economic relations. Otherwise, the asymmetries which impeded progress in the developing countries would marginalize their interests.

79. In order to redress those imbalances and to promote development effectively, it was imperative that North and South work together to restructure the international economic system in an equitable manner - an

(Mr. Loeis, Indonesia)

objective which could only be achieved through constructive negotiation. Management of interdependence should proceed on the basis of mutual interests and shared responsibility.

80. The emergence of such a global consensus on the need for more equitable international economic relations should give new impetus to efforts to resolve the key issues of development. In that spirit, it was important that the Uruguay Round negotiations, which were currently stalled, should be brought to a balanced conclusion for equitable development and prosperity for all could be ensured only within the framework of an international trading system that was free, open, rule-based and non-discriminatory. The malaise in the commodity markets, where prices were now at their lowest level, could also be alleviated through meaningful negotiations. At the same time, international cooperation should be focused on economic diversification, particularly in the case of countries whose economies were dependent on a single commodity. In that connection, Indonesia supported the proposal for the convening of an international conference on commodities.

81. External debt had drained the resources of many developing countries and undermined their development efforts. It was thus urgent to find a comprehensive and durable solution to that serious problem, inter alia, through a significant reduction in the stock and service of all kinds of debt. Indonesia therefore supported the proposal for the creation of an advisory commission on debt and development. It was also essential to increase financial flows in the related field of development financing. The international monetary and financial system was still not contributing adequately to development and remained undemocratic. Indonesia therefore supported the Secretary-General's call for the convening of an international conference on development financing in particular to address the specific needs of developing countries during the current decade.

82. A spirit of cooperation had been very much in evidence at the United Nations Conference on Environment and Development. Agenda 21 reflected the political commitment of Governments to take the measures required to secure a habitable planet. The Commission on Sustainable Development was thus to be responsible for moving Agenda 21 forward, in particular on the issues of environment and development. In that connection, his delegation attached great importance to the initiative taken by the Second Committee to establish an ad hoc working group for informal consultations. The developed countries and other countries in a position to do so should make initial financial commitments to give effect to the decisions of the Rio Conference, and report on that topic during the current session.

83. As for operational activities for development it was necessary to increase the effectiveness and improve the delivery programmes, while respecting the principles of neutrality and non-conditionality. What was imperative, however, was that the overall level of resources allocated to those activities should be increased on a predictable and assured basis.

(Mr. Loeis, Indonesia)

84. The United Nations had a unique role to play in the development field. As the embodiment of multilateralism, it was an institution singularly competent to create a just and equitable new world order. The process of reform and revitalization of the Organization should be transparent, democratic and comprehensive. A balanced relationship should be established between the General Assembly and the Economic and Social Council and the latter should be strengthened appropriately. Many useful changes had already been made and some interesting proposals had been put forward with a view to the revitalization and restructuring of the economic and social sectors. In that connection, decisions concerning such changes should be based on the principles and guidelines set out in General Assembly resolution 45/264 and should accord with the democratic principles underlying the United Nations decision-making process. For that reason, his delegation supported the calls for the further democratization of the Organization, particularly those voiced at the Summit meeting of the Non-aligned Countries which had recently taken place in Jakarta.

85. With the end of the cold war, the world had moved beyond bipolar confrontation. It was now up to each country to ensure that the period of East-West confrontation was not replaced by a North-South division. It was in the interests of the international community to choose the path of multilateral cooperation for development in the context of a new world order capable of ensuring peace, prosperity and justice for all.

The meeting rose at 1.15 p.m.